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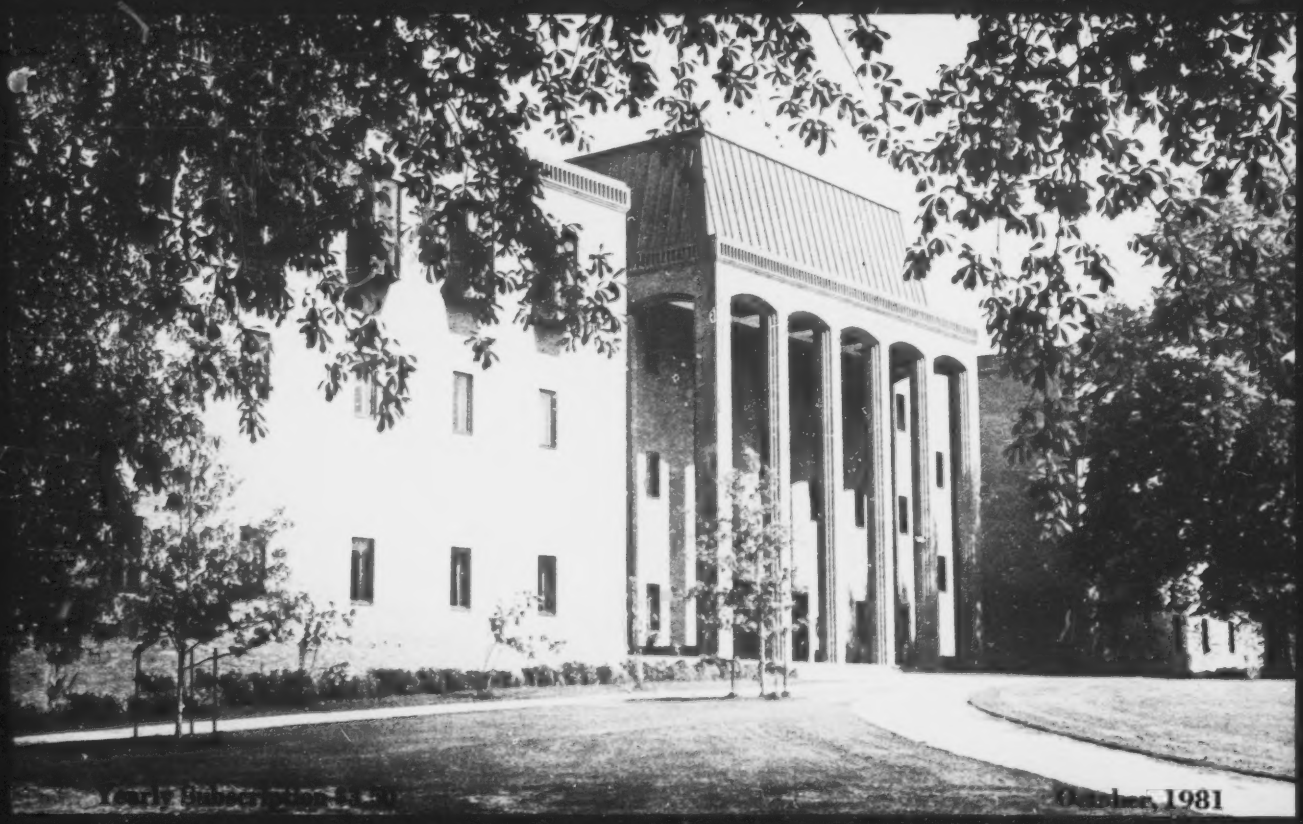
MISSISSIPPI BUSINESS REVIEW



October, 1981

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VOLKSWAGEN IN THE UNITED STATES: Balancing Private Sector and National Economic Interests

by

Sara L. Gordon
& Francis A. Lees

In 1977 Volkswagen initiated investment in a U.S. assembly plant at Westmoreland, Pennsylvania. This investment foreshadowed acute industrial problems in the world economy, and especially for the world auto industry. Analysis and evaluation of the Volkswagen investment in a U.S. production facility must be considered in light of changing world economic conditions, as well as from a narrower framework of the balance of benefits and costs for the home and host countries.

On a global basis tne auto industry is rapidly approaching a stage of maturity, as evidenced by a slower rate of growth in world output, competitive dislocations in the older producing centers, selective overcapacity, and tighter profit margins. A deceleration in growth of vehicle registrations in major market areas also reflects this maturity stage (Table 1). These pressures are being compounded by world inflation and rapidly escalating costs of buying and operating a car.

I. Changes in U.S. Auto Market Share.

The Volkswagen investment in the United States was triggered off well before more recent aspects of imbalances between U.S. auto production and consumption had manifested themselves. Over the decade 1971-81 automobile export and import countries have been subject to shifts in competitive position and domestic market disruptions, in part resulting from pronounced foreign exchange rate changes (Table 2). In the period 1971-81, nineteen of the year-to-year movements in currency rates, or 38 percent of the total, were in excess of ten percent (Table 3). To an increasing extent domestic automobile market stabilization has become more difficult to achieve, and more sought after by major market countries.

Insofar as Volkswagens market position in the United States is concerned, three postwar phases may be discerned. The first, until 1971, was one in which an undervalued DMark permitted Volkswagen to enjoy export competitiveness in the U.S. and high profitability. The second, 1971-81, was one in which appreciation of the DMark disrupted Volkswagens export market position and led to investment in the United States assembly operation. Beginning in the early 1980s a third phase may become evident. In this phase market stabilization would become a more important policy objective in major market countries such as the United States, and stabilization would be accompanied by efforts to limit the wide swings in market share enjoyed by foreign versus domestic producers. An increased emphasis on local production by foreign suppliers could represent one aspect of this effort. In light of this, Volkswagens investment in the U.S. was fortuitous since it provided the German auto manufacturer with a headstart position vis-a-vis producers from Japan, Frances, Sweden, Italy, and the United Kingdom.

The ability of auto makers to compete effectively in the United States auto market in the future depends on 1) their ability to produce autos at a competitive price for a market focusing on fuel efficient vehicles, and 2) the establishment of local assembly operations that will avoid the political-economic controversy that stems from growing auto imports and declining domestic employment in auto manufacturing and assembly operations.

The Japanese are now facing market erosion as Volkswagen did in the early 1970s. Detroits emphasis on producing fuel efficient vehicles and political pressure from Washington are now threatening the 19-20 percent market share Japanese auto makers currently enjoy. Given these pressures, Nissan Motor Co. is now building a $500 million truck plant in Tennessee to shield itself. Honda Motor Co. is building a $300 million car factory in Ohio, and Toyota Motor

TABLE 1
WORLD VEHICLE REGISTRATIONS

[Millions Units]

	World Total No.	Percent Increase	United States No.	Percent Increase	Europe No.	Percent Increase	Asia No.	Percent Increase
1960	126.9	—	73.8	—	33.7	—	3.5	—
1965	178.0	40.1%	90.3	22.3%	56.4	67.3%	9.7	177.1%
1970	246.3	38.4%	108.4	20.1%	84.2	50.4%	23.6	143.3%
1975	327.9	33.3%	132.9	23.0%	114.0	35.7%	37.4	58.4%
1978	380.0	15.9%	148.7	11.9%	133.2	16.8%	46.0	23.0%

Source: Motor Vehicle Manufacturers Association of the U. S., **World Motor Vehicle Data**, 1980 Edition.

Table 2
Year To Year Changes in Foreign Exchange Rates
Major Auto Producing and Consuming Countries
1971-81

[Percent change based on U.S. cents per currency unit]

	DMark	Pd. Sterling	Fr. Franc	Yen	Ital. Lira
1971-72	2.2%	— 7.2%	6.3%	6.4%	3.3%
1972-73	20.1	— 1.2	11.1	7.5	— 4.0
1973-74	8.5	0.5	1.9	— 6.9	— 7.7
1974-75	— 7.1	—13.1	1.5	— 1.7	— 3.5
1975-76	10.0	—17.0	— 5.9	3.9	—21.4
1976-77	11.0	10.6	3.9	22.4	— 1.0
1977-78	14.5	7.6	11.4	23.0	4.1
1978-79	8.9	10.9	6.5	—18.5	4.4
1979-80	—12.0	6.7	— 9.3	14.9	—13.2
1980-81	—23.8	—15.5	— 2.7	— 2.7	—21.3
Average Change	11.8%	9.0%	6.1%	10.8%	8.4%

Source: Federal Reserve Bulletin.

Time periods cover December to December, except 1980 81 which is January to January.

TABLE 3
Frequency of Foreign Exchange Rate Changes 1971-81

Percent Change in Foreign Exchange Rate [Frequency]	Number of Occurrences
Under 5.1%	16
5.0% to 10.0%	15
10.1% to 15.0%	10
15.1% to 20.0%	3
20.1% and over	6
	50

Source: Data in Table 2.

Co. is negotiating a joint venture with Ford. A second assembly operation in Michigan will raise the Volkswagen investment in the United States to $1 billion, with the probability that another $1 billion investment will be required during the balance of the 1980s to remain competitive in the United States market place. While the Volkswagen management says it is satisfied with the overall performance of the U.S. operation, a number of company goals have not been realized. For example, Volkswagen has not built its market share to the six percent formerly enjoyed in the early 1970s in the United States, but only to 2.8%. Profit performance in 1980 was below expectations, and there are serious questions concerning the feasi-

bility of production and sales goals set for the next several years.

There are several reasons why Volkswagens on the spot presence in the largest single domestic market for automobiles in the world is significant. First, it provides the company with an important strategic advantage, considering the rising tide of national protectionist sentiment in the U.S. Also, the Volkswagen investment in the United States dulls the argument presented by various lobby interests in Washington to the effect that auto imports should be rolled back to protect jobs and investment in the United States. Furthermore, without the Volkswagen investment Japanese representatives of the auto industry would not have a base of experience to learn from and put to use in formulating their decision to initiate U.S. production.

The Volkswagen investment in the U.S. could foreshadow a new pattern of investment in the world automobile industry. The future pattern of auto production globally could well be one where major producers of "world cars" would be expected to establish production or assembly operations in all major market countries, with the overall objective of making a positive contribution to the national economy of the host country in the form of foreign trade pattern, domestic employment, tax revenues, and providing necessary R&D support and Technology. This policy could be initiated by the government of any of several major import nations, and would probably be followed by other major auto importing nations very quickly. The policy could be implemented in a variety of ways, including provision of generous investment incentives, marketing directives, or flexible non-tariff barriers.

A pattern of this sort would call for massive investment in U.S. production facilities by Japanese and other auto producers, as a quid pro quo for continued access to the American market. Given the realization of this scenario, the Volkswagen Group would be well-positioned and ahead of all other non-U.S. producers.

II. Volkswagen in the U.S.

At present Volkswagen is the only foreign manufacturer of autos in the United States. Since 1977 when Volkswagen began preparations to produce automobiles in its Westmoreland, Pennsylvania plant, the company has discovered that foreign investment in the United States is not a bed of roses. Problems in the U.S. auto industry caused by intense competition, labor problems, a weak American economy, and inflated costs have beleaguered the management of Volkswagen. Volkswagen earned a $10 million profit in 1979, but suffered losses of $30 million in 1980. The company probably will experience difficulty turning a profit in 1981.

In addition to enjoying the same problems as established auto manufacturers in the U.S. Volkswagen has suffered special problems stemming from its status as an immigrant firm. These include cultural differences, the necessity of building a network of U.S. suppliers, an untrained work force, and untested management. Many of the Volkswagen component makers in the U.S. charge a premium because of stringent specifications and relatively small orders. Reliance on outside manufacturers has been reduced to some extent by the addition of a stamping plant and an air conditioning and accessory plant. In addition, Volkswagen has been experiencing a component cost and profit squeeze, because the need to purchase a high proportion of component products has reduced profit margins. To compound the matter, the Federal Trade Commission has sued Volkswagen, charging that the company failed to tell buyers that an abnormally high number of its water cooled autos made in 1974-79 use too much oil and require excessive repairs.

Despite these problems Volkswagen plans to proceed with a second assembly operation at Sterling Heights, Michigan. This plant is scheduled to open next year at a cost of $300 million. The production target for 1983 at the Michigan assembly plant is 185,000 cars. This can be compared with total Volkswagen auto and truck sales in the United States in 1980 of 293,000 of which two-thirds were assembled at the Westmoreland facility. The company has a target for 1984 of 410,000 domestically produced vehicles plus 100,000 imported vehicles.

But Volkswagens present difficulties do not make its decision to come to the United States a bad decision. The company is garnering a better understanding of the American market and is learning much about operating as a multinational corporation in the United States. Over the long term achieving immediate profit goals and sales targets may prove to be less important than developing and maintaining a world wide presence.

III. National and Company Interests.

Foreign business investment generates benefits and costs for the host country as well as for the home

country. To a certain extent the composition and size of these benefits and costs is subject to negotiation between the investing company and the government of thehost country concerned.

From the point of view of the United States as a host country the Volkswagen investment could be expected to bring about important cost-benefit effects in the following areas:

1. Investment linkages.
2. Impact on depressed areas.
3. Tax Revenues.
4. Net present value.
5. Balance of payments effects.

For a multinational corporation to generate investment linkages in the host country, the industry in which foreign investment takes place must have strong vertical relations with other industries. Although at present Volkswagen imports many of the components parts used in the Rabbit, including the engine, the company is now sourcing 45% of component parts in the United States. Because a number of automobile components used in the Volkswagen plant are produced locally, strong backward linkages are being created. The input-output tables of the United States reflect the potential for such linkages. These linkages (inter-industry purchases by Volkswagen and other auto manufacturers) are particularly strong in primary iron and steel manufacturing, metal stamping and screw machine products, non-ferrous metals, fabricated metal products, business services, and rubber and miscellaneous plastic products. There is evidence that the Volkswagen operation has induced investment in U.S. production facilities by both German and U.S. firms in backward linked industries. For example, a German firm that supplies speedometers to Volkswagen opened a U.S. plant, and a U.S. firm that supplies car interior units set up another plant to supply the Volkswagen operation.

In a depressed area where unemployment is high, the establishment of a manufacturing operation such as the Volkswagen assembly plant at Westmoreland can make an important contribution to employment, local income, and the local tax base. Early in 1979, soon after the plant opened, Volkswagen was providing employment for over 6,300 workers, of which 5,000 were employed in the main assembly plant near Pittsburgh and the remainder in an auto stamping plant in Virginia. Almost all of these were recruited locally. As of January 1980 Volkswagen had an employment total of 7,058 of which 5,710 were employed at the assembly plant, 730 in the auto stamping plant, and 518 at the more recently acquired air conditioning and accessory plant at Fort Worth, Texas.

An important benefit derived from foreign business investment is the generation of tax revenues for the federal government, the states and the localities. In the case of the Volkswagen investment, the annual tax revenues can be substantial. Tax revenues are generated by effects on direct employment and economic activity, by the indirect employment and economic activity created as supplier firms sell goods and services to Volkswagen, and by the induced employment and economic activity effects as employee spending of disposable income for consumer goods further increases the tax base. Federal government agency studies have derived an employment multiplier of 2.519 for the Pittsburgh Region, suggesting that for every 5,000 jobs at the Westmoreland plant, the region would enjoy a minimum increase of 12,595 jobs. This represents approximately $250 million in personal income, and $28 million in additional personal income taxes at the federal level.

State and local governments can benefit from foreign business investment based upon the relationship between the investment outlay they make in the form of low interest loans and tax abatement (subsidy effects for the company) and the return or cash flows received in the form of loan repayments, additional taxes generated, and lease payments on plant and property rentals. In the case of the Volkswagen rental, purchase and related transactions connected with the Volkswagen plant facility, state and local net benefits from these outlays can be measured in the form of a net present value. A capital budgeting analysis indicates a net present value (NPV) for the state and local governments in Pennsylvania of over $111 million.

Foreign investment inflows affect the balance of payments of the United States in several ways. In the initial year the capital inflow may be accompanied by importation of machinery and equipment. In the Volkswagen case the value of such imported machinery was considerably less than the capital inflow.

In subsequent years various balance of payments repercussion effects follow, including those from exports, imports, and remittances. The balance of these effects is the primary consideration in evaluating investment inflows. Remittances from foreign subsidiaries (Volkswagen America in this case) to the parent corporation (Volkswagen Germany)

often consist of a package of transfers, aimed at achieving complex tax, control, and foreign exchange objectives. This is no different in the Volkswagen case. Wide discretion operates here for the use of fees, interest on loans, and principal repayments, so that even in the absence of high profitability remittances can be substantial. These represent an outward payment from the United States.

Imports represent another outward payment from the United States. Import effects are complex. Continuing imports take the form of engine blocks and other parts sold by the German parent to the U. S. affiliate. While substantial (a value of several hundred million dollars annually) in amount, these imports are considerably lower in value than Volkswagen autos that alternatively would have been imported if Volkswagen had no U. S. production facility. It is here through import substitution that the net balance of payments effects can have a substantially favorable influence.

IV. **Policy Questions.**

A number of policy questions follow from the preceding.

1) Should access to domestic auto markets be conditioned with respect to corporate contribution to the national economy in the form of employment, tax revenue, foreign trade performance, and contributions to technology level? This approach has been followed in a number of developed and developing nations in screening applications by foreign investor firms.
2) Should the U. S. government provide a guidance support for domestic firms in developing production facilities that preserve market stability? This approach has been followed in Japan, where matrix industrial planning has permitted a meeting of the minds by industrial and government ministry economic planners.
3) Should the U. S. government follow policies that permit foreign imports to capture an increasing share of the domestic auto market, even though the rate of change in market share goes beyond what ordinary adjustment mechanisms can deal with? Past use of Orderly Marketing Agreements (OMAs) has concentrated on lower valued commodities produced in other countries by labor intensive manufacturing processes. There is a difference in that auto production in other countries tends to be capital intensive.
4) Should a new wages and income policy be adopted by industries that lose domestic market share from import competition? A competitive response from the auto industry might include modification of collective bargaining agreements to enhance competitiveness by domestic manufacturers. To some extent there exists precedent for this in that Volkswagen wage scales are below those of the Big Three, and in that Chrysler Corp. has obtained wage relief due to financial exigency.
5) Is foreign investment and the resulting benefits best left to individual state initiatives in competing for foreign business investment? Alternatives include federal initiatives, and interstate coordination of investment incentives. Thus far, we do not have sufficient evidence that the existing system of individual state initiatives is not working adequately.

NEW AND EXPANDED INDUSTRY

Town Firm Product	No. of Employees
NEW	
Olive Branch **Dooley Company** Silk Screening	
Olive Branch **Snap-On Tools Corp.** Distribution & Assembling Hand Tools	75
Sardis **Hygiene, Industries** Shower Curtains, Table Cloths	
Sherman **Resource Recovery Systems** Recycling Industrial Waste	12
EXPANDED	
Clarksdale **Taylor Chair** Chairs	60
Good Hope **American Apparel, Inc.** Shirts	61
Houston **Dixieland Manufacturing Co.** Furniture	69
Yazoo City **Superior Surgical Mfg. Co.** Uniforms for Institutional Organizations	

The Dean's Corner

Much has been written in recent times regarding "supply-side" economics or "Reaganomics," as now seems to be the label. But, perhaps, another article can be tolerated.

Greater support in Congress for his program has been experienced until recently than many would have predicted. Both Republicans and Conservative Democrats have seemed to realize that the old approach of constantly increasing government expenditures far beyond the reasonable ability to collect taxes in support of these apparent reckless expenditures is heading the nation into a veritable quagmire of economic problems. For years Congress and one administration after another have used as rationale for this approach the seemingly endless need to stimulate demand in order to keep the economy at a level of unemployment which is probably impossible to achieve. Inflation of a serious nature has resulted with an endless set of problems, including interest rates so high as to preclude the sale of houses and borrowing for capital investments.

Two factors have contributed heavily to soaring interest rates. The constant need for the government to raid the money and capital markets to support deficits now reaching the trillion dollar level is one factor. Another is the fear of continuing inflation, which requires a premium for extraordinary risks in the interest rate structure far above the normal level. An inverted yield curve, formerly fairly infrequent, has now become almost the expected; that is, the phenomenon wherein long-term rates are lower than short-term rates. This development has created unbelievably difficult problems on a broad spectrum, and has well-nigh driven savings and loan associations to bankruptcy. Most are now operating in the red with a negative differential between cost of funds and return on assets. The situation is worse than at any time in history.

Two years ago this month the Federal Reserve Board finally decided that it must emphasize control of the money supply (monetarists approach) instead of keeping interest rates below "target" rate levels. Years of blindly following the latter approach have so bloated the economy with excessive money in circulation that a built-in inflationary bias seems to have become deeply imbedded in all economic decisions. Since October of 1979 the emphasis has shifted to target growth levels in the supply of money, although at all times the money supply has grown at a much more rapid rate than the growth in real GNP, which of course tends to further feed the fires of inflation. But, as would be expected, limiting the money supply in the face of constant deficit financing by the government, along with the normal need for funds, has caused interest rates to soar.

Now enter "Reaganomics." President Reagan has devised a holistic approach to cure the maladies which have a strong grip on our system. The four-faceted approach involves essentially: (1) reduced taxes so as to encourage incentives to produce and invest, (2) reduced government spending in order to avoid the huge deficits which have caused both inflation and high interest rates, (3) reduced government regulation of every facet of business to the extent that productivity has been adversely affected, and (4) a reduction in the constant bloating of the money supply, which has increased much faster than real GNP, and which makes inflation inevitable. This supply-side approach has, of course, met much opposition. One would expect "pie-in-the-sky" politicians to oppose the program, but it has been surprising that "Wall Street" has not enthusiastically endorsed it. It may well be the case that unless the base of support soon broadens to include Wall Street, the one last hope for the survival of the U.S. economy as the world's leader will be jeopardized. Currently, renewed opposition in Congress, including some Republicans, has intensified. The obstructionists are claiming defeat before the Reagan proposals have begun to operate. Tax reductions and the Reagan budget have not been put into effect as of this writing.

The current issue of Dupont Company's publication, **Context**, has what is perhaps the best treatment of the entire subject that the writer of this

column has seen. One article in **Context**, entitled "Bursting the Bubble of Inflation" begins by stating: "Government is to blame, business is to blame, OPEC is to blame [monopolistic unions should also have been given top billing in the mind of the writer of this column] - in fact, we're all to blame for inflation. There is, unfortunately, no simple answer to the problem. But, the Reagan program is designed to help deflate the biggest of all challenges to the economy." The article then proceeds to give a brief presentation of the thinking of several national leaders.

Norman B. Ture, Under Secretary of the Treasury for Tax and Economic Affairs, states that "Inflation is primarily a monetary phenomenon." He, in summary, expressed the opinion that the persistent growth of the money supply at a faster rate than the real GNP has led to inflation. In part, this expansion of the money supply was motivated by an attempt to accommodate government deficits "that were mistakenly deemed necessary to meet our economic and social goals." He, quite naturally, feels that the President's program will substantially reduce inflation during the next few years.

Paul A. Volcker, Chairman of the Federal Reserve Board, apparently feels that prices are already coming under control, and indicated several pieces of evidence in support of his contention. Energy prices have stabilized, retail food prices have risen much more slowly, commodity prices have been more stable, and certain other things have happened to give rise to hope for the curbing of inflation. But he states, "Some of these developments could, however, prove temporary." [Indeed, they could!]

Joseph A. Pechman, Director of Economic Studies for the Brookings Institution, takes a more pessimistic view of inflation. "The prospects for a significant reduction in inflation in the years ahead are not good." The wage-price spiral has not been significantly affected by a slow-down in the economy. He thinks a quick cure for inflation lies in an income policy [price and wage controls]. And since this approach is politically unpopular, the only hope is to retard economic growth for "a long time," even though this will lead to unemployment, lower profits and lower level of investments. He apparently believes that President Reagan's tax reduction will lead to greater deficits and reduced economic growth with accompanying high unemployment. If, however, the Federal Reserve Board "loses its nerve in the face of soaring interest rates and raises the monetary targets, the result will be another jump in inflation." In short, it would seem that Dr. Pechman believes wage and price control, etc. (income policy) to be our only hope. [Unfortunately, these have never worked well, and have usually created more maladjustments than they cured. However, there appears to be growing interest in this approach.]

Alexander B. Trowbridge, President of the National Association of Manufacturers, believes that "inflation can best be reduced if we continue moving on a broad front to curb the spending habits of the federal government and to revitalize America's productive base." He states that the President's approach represents a "bold start" in the right direction. In summary, Mr. Trowbridge appears to be in complete support of the Reagan program.

Walter W. Heller, Regent's Professor of Economics at the University of Minnesota, apparently does not believe that the President's program will succeed. "I wish I could say that President Reagan's fiscal program tackles this fundamental problem [price-wage spiral]. It doesn't. It is in fact a strongly expansionary program." No real wage-price restraints, he believes, are inherent in the Reagan program. He states that the average hourly wage rate increase of 10% per year while productivity increases by only 1% or 2% will leave us with a "hardcore" annual inflation of 8 or 9%. He points out that wage increases are an attempt to catch up with prices. [However, there is without question a causal relationship in terms of increased wages on price increases. For example, with one automotive workers union and only four domestic producers of automobiles, cost-push inflation is inevitable. The same thing can be said of certain other industries.]

Edwin J. Fuelner, the President of the Heritage Foundation, states that there is one simple cause of inflation and that is the irresponsible spending of the federal government, and that this constitutes a hidden tax imposed by the government. [It is, in the opinion of the writer of this column, an insidious, unprincipled and cowardly form of taxation which steals from those who have managed to put a little aside. It is a form of confiscation.] He points out that "pressure from special interest groups often induces politicians to enact programs even if existing revenues cannot cover the added expenditures." This has caused our current problems associated with inflation. It is his belief that the Reagan program has the correct prescription for dealing with these problems.

Senator Ernest F. Hollings, the ranking Democrat on the Senate Budget Committee, expresses the viewpoint that investments must be encouraged and growth in productivity achieved in order to contain

inflation. This can best be accomplished by "targeted tax incentives" and controlled interest rates. The Reagan approach of tax cuts for individuals could lead to higher interest rates which would discourage investment and lead ultimately to an even larger federal deficit. [This, of course, is the heart of the controversy among those who generally see the need for supporting the President. There are many who would have felt more comfortable with a reduction in expenditures **before** general tax reductions and with reductions aimed at encouraging savings and investments rather than a general tax reduction. While there is a genuine gamble in the Reagan plan, perhaps the stakes are worth the gamble. Also, the President apparently believes that tax reduction is the only effective method of forcing Congress to reduce budgets. He may also feel that those who earn incomes have a right to keep a larger portion of it than is now the case.]

Theodore T. Gordon, President of the Futures Group, states that President Reagan has interrupted the inflationary spiral—"the belief spiral" and has "changed perceptions and expectations." It is his opinion that the President's program, therefore, has a good chance of succeeding.

It is clearly evident from these presentations that there is a mixed reaction to "Reagonomics." This is to be expected. However, it would seem that there is no viable alternative to giving the President full support. The old approach has miserably failed and has done, perhaps, irreparable damage to our economic system. Should the President's program succeed, all would fare better, including the unemployed, and the nation could again move back onto the right track.

For eight years the writer of the "Dean's Corner" has supplied a column each month in the **Mississippi Business Review**, and nearly all were written by the Dean. It was not always easy to do so. Generally speaking, attempts have been made to present a viewpoint not widely found in the news media. And, while there have, no doubt, been errors, both factual and conceptual, in the dozens of articles written during these eight years, there has never been an attempt to mislead. They were not errors which sprang from malicious intent. It is the opinion of the writer that a great majority of those who read the column were in agreement with the philosophy espoused, at least on most occasions.

In the future it is not likely that there will be a "Dean's Corner" each month, but rather, there will likely be an occasional one. In the meanwhile, the writer wishes for each reader the very best of everything.

—Gaines M. Rogers, Dean

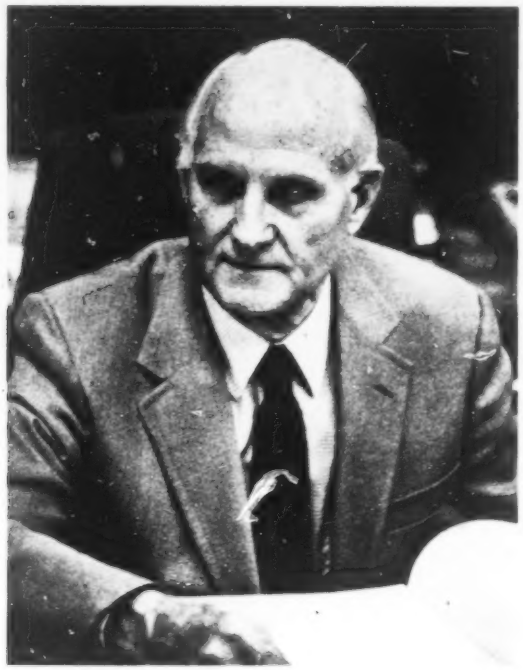
INDEXES OF SELECTED MISSISSIPPI ECONOMIC INDICATORS
[Seasonally Adjusted]
1969=100

Indicator	August 1981	July 1981	August 1980
Retail Sales	158.8	176.2	164.6
Electric Sales	204.5	213.1	250.9
Telephones in Service		230.0	223.9
Gasoline Gallonage	140.7	168.2	142.3
Loans of Savings & Loan Institutions	71.6	100.9	186.2

MEET THE FACULTY

Dr. S. E. Trotter

Professor of Finance and
Director, Division of Graduate Studies in Business



Dr. Trotter came to Mississippi State in 1958 as Professor of Finance. Prior to this appointment, he served on the faculty at the University of Arkansas at Fayetteville, Arkansas for four years.

Following graduation from Auburn University, Dr. Trotter was employed by Sears, Roebuck and Company for eleven years, including a five-year period of military service during World War II. He returned to Auburn in 1950 and earned a masters degree in business, which was awarded in 1951. He then entered the University of Alabama's doctoral program in business administrtion; and was awarded the PhD. degree in January, 1956.

Dr. Trotter became head of the Department of Business Administration (later divided into the Departments of Finance and Marketing) at Mississippi State in 1960; and served as head of the Finance Department until 1968. He organized the Division of Business Services in 1964 and was its director until 1970. In 1969 he was appointed Director of Graduate Studies in Business, the position he currently holds.

Professional and honorary memberships held by Dr. Trotter include the Southern Economics Association, Southern Finance Association, Southern Graduate Directors Association, American Finance Association, Phi Kappa Phi, Beta Gamma Sigma, and Alpha Kappa Psi. He is listed in "Who's Who in America."

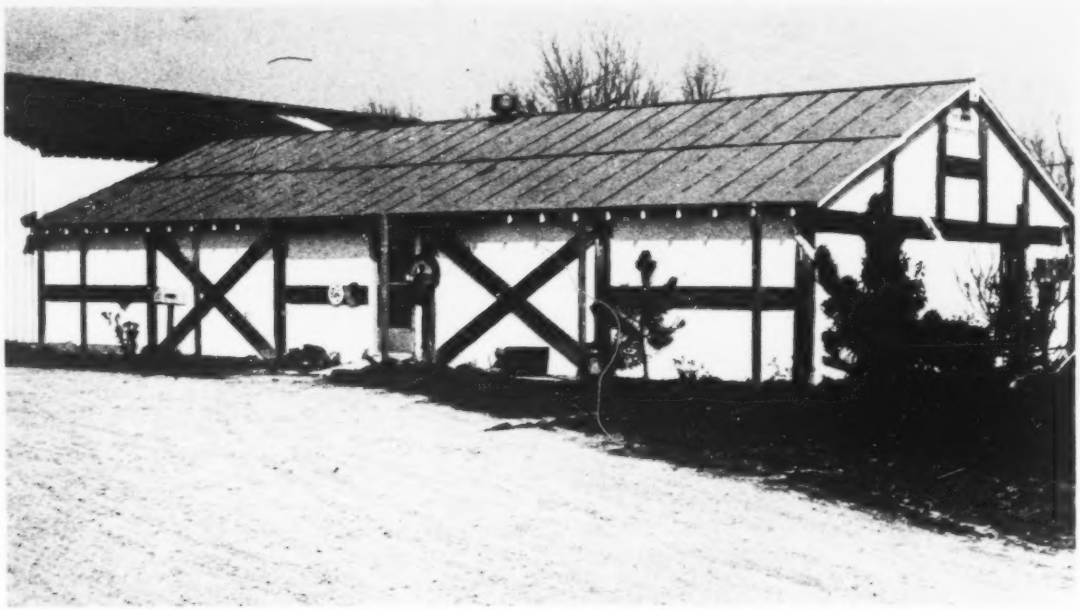
Dr. Trotter is married to the former Frances Dixon; and they have one son, Dr. Robert E. Trotter, who is a practicing physician in New Orleans. There are four grandchildren, who, from time to time brighten (and liven) the local Trotter household.

Dr. and Mrs. Trotter enjoy travelling, both the weekend and short-holiday kind and more extensive trips about the United States and to other countries.

The Parade of Mississippi Enterprise,

A Profile of a Successful Firm

The Winery Rushing:
A Small Family Business Making It Today



Converting an old dairy barn into an old world style winery, Sam and Diane Rushing of Merigold operate Mississippi's first winery.

In today's world of corporate giants and international cartels, it isn't surprising to witness the growing number of Americans who take great pleasure in supporting a local family business. And the idea that "small" usually denotes "good" doesn't hurt the economic growth of small businesses in competition with their larger counterparts. There is perhaps no industry in which this is truer than in the wine business, as has been proven in Europe for centuries. Many will agree that the best wines produced in France and Germany rarely leave the region in which they were made. They are generally produced on a small scale and are consumed and appreciated by local patrons. Until recently, wine drinkers from Memphis to Jackson to the Gulf Coast were denied this privilege. But with the national award-winning Rushing Wines of Merigold, Mississippi, now expanding into Tennessee, Memphians, like Mississippians, and like Europeans, are able to drink palatable dinner wines produced in their own area.

The Winery Rushing opened its doors in 1977, the first winery to do so in Mississippi since Prohibition closed the state's 32 existing wineries early in this century. Converting an old dairy barn into an old world style winery, Sam and Diane Rushing rekindled the wine business in Mississippi, and are very aware of their responsibility in being the first. They have expanded their capacity from 6,000 gallons in 1977 to 15,000 gallons in 1981 and attribute their expansion to local support from Memphis to the Coast. "People around here are proud to drink a local wine produced by local folks," says Diane. "They know that the best wines come from small family-owned wineries like ours and they want to support us in a big way. If it

weren't for this patriotism, we would indeed be in trouble, since the most effective tool of sales in any business, that of advertising, is one avenue that is totally closed to us." Diane is referring to the state law that prohibits the advertising of wine in Mississippi. "It was bad enough to send all those advertising dollars out of the state before the Native Wine Law was passed in 1976. But now we feel as though we are operating through a Jeckyll and Hyde syndrome. We are paying taxes and generating a new industry on the one hand, but are forbidden to tell a soul about it on the other."

Despite the obstacles the Rushings have overcome, their business is finally beginning to prosper. Each year brings more grapes from their own vineyards, which means a lower cost of production. And although the weather has been a problem in the past, with record dry summers, the recent installation of a drip irrigation system in the vineyard further insures good crop yields. The Winery Rushing is proof that small businesses can still make it, which is just what this country wants.

Sam and Diane Rushing with their award winning wines.

Three Budgets for a Retired Couple, Autumn, 1980:

The Bureau of Labor Statistics of the U.S. Department of Labor has updated three hypothetical budgets for a retired couple. The updating reflects changes in prices between autumn 1979 and autumn 1980.

In the autumn of 1980, the estimated U.S. average annual cost, excluding personal income taxes, of the lower level budget for an urban retired couple was $6,644. The intermediate level budget cost $9,434, and the higher budget, $13,923, see table A. The budget costs are about 10 percent higher than in autumn of 1979. Data are also available showing costs for 24 metropolitan areas, four nonmetropolitan regions, and Anchorage, Alaska.

The three budgets are made up of hypothetical lists of goods and services that were specified in the mid-1960's to portray three relative levels of living—lower, intermediate, and higher—for a retired couple. The lower budget was not designed as a subsistence or poverty level, but simply a level relatively lower than the intermediate budget.

Table A. Summary of annual budgets for a retired couple at three levels of living, urban United States, autumn 1980.

Component	Lower budget	Intermediate budget	Higher budget
Total budget 1/	$6,644	$9,434	$13,923
Total family consumption	6,358	8,866	12,885
Food	2,082	2,772	3,482
Housing	2,169	3,106	4,860
Transportation	487	950	1,748
Clothing	236	396	609
Personal care	184	269	394
Medical care 2/	944	950	956
Other family consumption	255	424	837
Other items	286	568	1,037

1/ Beginning with the autumn of 1973 updating of the budgets for a retired couple, the total budget is defined as the sum of "total family consumption" and "other items." Income taxes are not included in the total budgets.

2/ The autumn 1980 cost estimates for medical care contain a preliminary estimate for "out-of-pocket" costs for Medicare.

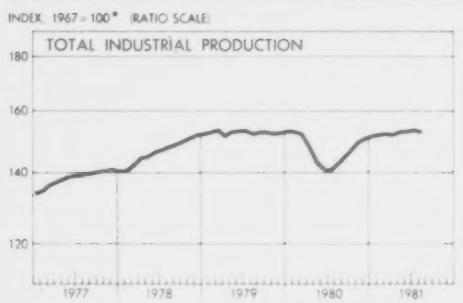
NOTE: Because of rounding, sums of individual items may not equal totals.

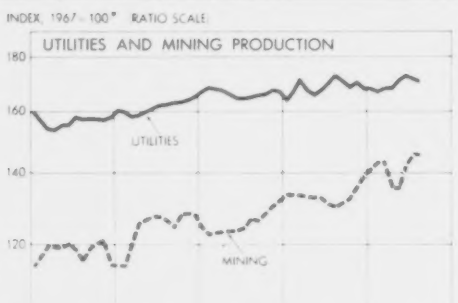
Changes in Budgets, 1979-80- The total cost of the lower budget rose by 10.3 percent, the intermediate budget 10.2 percent, and the higher budget 9.9 percent. These are the largest increases since 1974.

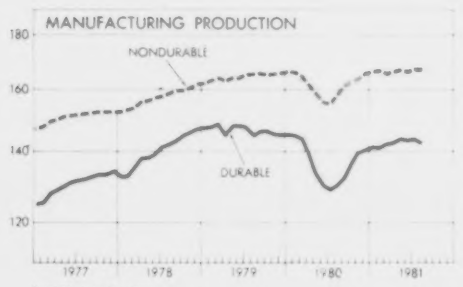
PRODUCTION AND BUSINESS ACTIVITY

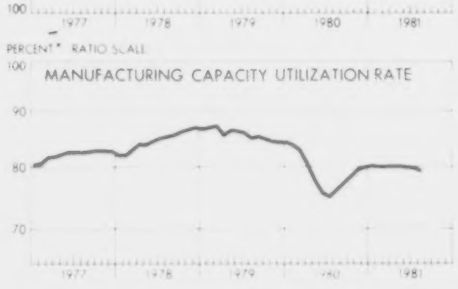
INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

Industrial production fell 0.4 percent in August following an increase of 0.3 percent in July. The index for August was 7.5 percent above the year earlier level. (Note revised series.)









* SEASONALLY ADJUSTED

SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

COUNCIL OF ECONOMIC ADVISERS

[Seasonally adjusted]

Period	Total industrial production		Industry production indexes, 1967 = 100					Capacity utilization rate, percent [1]			
			Manufacturing			Mining	Utilities	Materials (Federal Reserve series)	Manufacturing		
	Index, 1967 = 100	Percent change from year earlier	Total	Durable	Nondurable				Federal Reserve series	Commerce series [2]	Wharton series [3]
1967 proportion	*100.00*		*87.95*	*51.98*	*35.97*	*6.56*	*5.69*				
1974	129.3	−.4	129.4	125.7	134.6	115.3	143.7	87.1	83.8	83	87.0
1975	117.8	−8.9	116.3	109.3	126.4	112.8	146.0	73.4	72.9	77	76.5
1976	130.5	10.8	130.3	122.3	141.8	114.2	151.7	81.1	79.5	81	82.3
1977	138.2	5.9	138.4	130.0	150.5	118.2	156.5	82.7	81.9	83	84.6
1978	146.1	5.7	146.8	139.7	156.9	124.0	161.4	85.6	84.4	84	87.3
1979	152.5	4.4	153.6	146.4	164.0	125.5	166.0	87.4	85.7	83	88.8
1980	147.0	−3.6	146.7	136.7	161.2	132.7	168.3	80.0	79.1	78	83.1
1980: Aug	142.2	−6.5	141.2	129.9	157.6	129.6	172.6	75.0	75.8		
Sept	144.4	−5.4	143.9	132.1	161.0	130.7	170.6	76.8	77.0	76	79.9
Oct	146.6	−4.0	146.5	135.7	162.1	132.1	167.7	78.4	78.2		
Nov	149.2	−2.0	148.9	139.2	163.0	135.1	169.9	80.5	79.3		
Dec	150.4	−1.4	150.4	140.5	165.0	138.6	167.9	81.4	79.8	78	83.5
1981: Jan	151.4	−1.0	151.1	141.0	165.6	140.4	167.6	82.1	80.0		
Feb	151.8	−.7	151.2	140.8	166.2	143.1	166.4	82.3	79.8		
Mar	152.1	.0	151.6	142.1	165.3	143.2	167.8	82.1	79.8	78	84.5
Apr	151.9	2.5	152.0	142.5	165.9	135.2	167.6	81.1	79.8		
May	152.7	6.2	152.8	143.5	166.4	135.4	170.7	81.2	80.0		
June	152.9	8.1	152.5	143.1	166.0	141.0	172.5	81.4	79.7	78	84.3
July [p]	153.4	9.3	153.0	143.5	166.9	145.6	171.3	81.7	79.8		
Aug [p]	152.8	7.5	152.5	142.4	167.0	145.2	170.3	81.2	79.2		

[1] Output as percent of capacity.

[2] Annual data are averages of four monthly indexes.

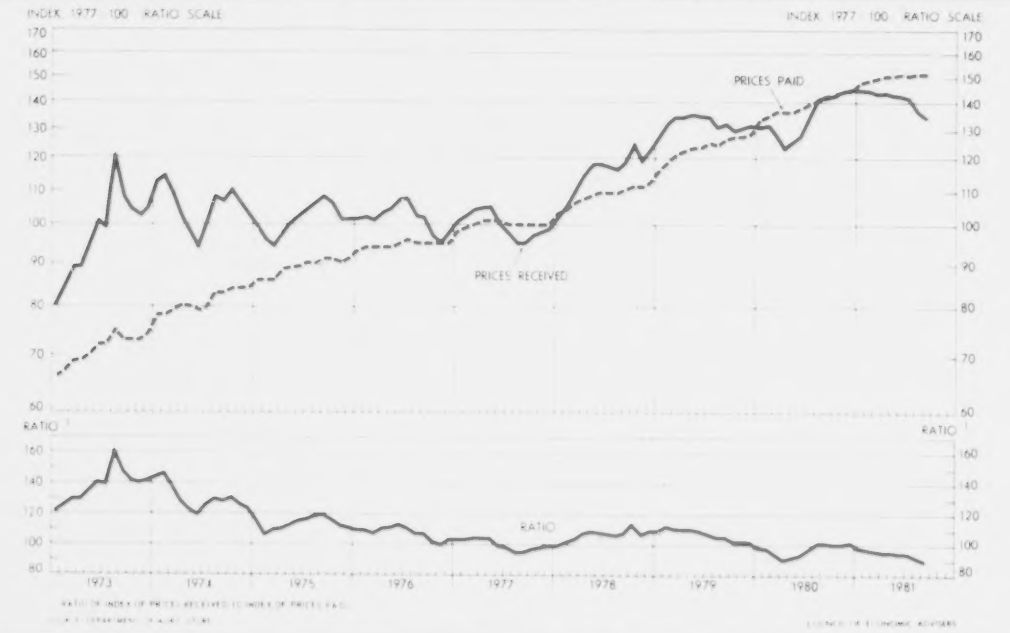
[3] Quarterly data entered in last month of quarter. Annual data are averages of quarterly data.

NOTE.—Data revised beginning January 1980 for Federal Reserve series and beginning 1974 for Wharton series.

Sources: Board of Governors of the Federal Reserve System, Department of Commerce (Bureau of Economic Analysis), and Wharton School of Finance.

PRICES RECEIVED AND PAID BY FARMERS

Prices received by farmers fell 2.2 percent in September and prices paid by farmers were unchanged in the month ended September 15.



[1977 = 100]

Period	Prices received by farmers			Prices paid by farmers			Ratio [2]
	All farm products	Crops	Livestock and products	All commodities, services, interest, taxes, and wage rates [1]	Production items, interest, taxes, and wage rates	Production items	
1973	98	91	104	71	72	73	138
1974	105	117	94	81	81	83	130
1975	101	105	98	89	89	91	113
1976	102	102	101	95	95	97	107
1977	100	100	100	100	100	100	100
1978	115	106	124	108	109	108	106
1979	132	116	147	123	125	125	107
1980	134	125	144	139	140	138	96
1980: Sept	142	135	150	141	143	142	101
Oct	142	135	150	142	144	143	100
Nov	144	140	149	144	145	144	100
Dec	145	142	148	144	145	145	101
1981: Jan	144	144	145	147	149	146	98
Feb	144	144	144	148	149	147	97
Mar	143	146	141	149	150	148	96
Apr	143	143	143	150	151	150	95
May	142	143	141	150	151	150	95
June	142	137	146	151	152	150	94
July	141	136	146	150	151	149	94
Aug	137	129	145	151	150	149	91
Sept	134	121	145	151	150	149	89

[1] Includes items not shown separately.

[2] Percentage ratio of index of prices received by farmers to index of prices paid: interest, taxes, and wage rates.

Note.—The official indexes are published on a 1910-14 base as required by law. The indexes have been converted to a 1977 = 100 base to facilitate comparison with other indexes.

Source: Department of Agriculture.

Tourist Briefs

The Balfour House

Vicksburg, Mississippi

The Balfour House, located on the corner of Crawford and Cherry streets in downtown Vicksburg, is thought to have been built ca. 1836, by James R. McDowell. Ownership of the property dates back to Lucy Vick, descendant of the Reverend Newet Vick, the founder of Vicksburg.

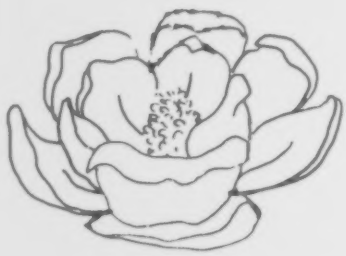
In 1850, McDowell sold the house to Dr. William T. Balfour, who also owned a plantation on the Big Black River. Local tradition has it that the Balfour House was the scene of a gala ball on December 24, 1862, honoring Confederate soldiers stationed in Vicksburg. Although, the Balfour House is not specifically mentioned, several sources record that Major General Martin Luther Smith, who was in charge of the defense of Vicksburg, and General Stephen D. Lee attended a grand ball in Vicksburg on Christmas Eve, 1862. It was during this ball, that the Confederate command received information that Union soldiers under the command of General William T. Sherman were coming down the Mississippi River toward Vicksburg.

Emma Balfour, the wife of Dr. Balfour, remained in her house during most of the siege, and wrote her "famous diary" which has been cited in many books about the siege of Vicksburg. In this diary she mentions that her house was not damaged by the shelling, but instead the foundation of the house shook from the shelling. Also, in her diary she mentions that General John C. Pemberton and General Stephen D. Lee were dinner guests at her home.

It is thought that after the siege the Balfour House was occupied by Union General James McPherson. The Balfours occupied the house until their daughter, Mrs. Louise H. Balfour Klein, assumed ownership in 1888. In 1890, the Balfour House was purchased by the B'Nai B'rith Literary Stock Company, a Jewish literary club. It changed owners a number of times from 1891-1944. In 1944, the house was purchased by the Catholic Diocese of Natchez-Jackson.

The house is presently divided into four apartments (not including a finished but unoccupied attic of two rooms), and although the entire first story was available for survey, only the west half of the second was accessible. The layout therein consists of two large rooms (presumably bedrooms originally) and a bath converted from space earlier occupied by the service stairs on the rear gallery. The bedrooms feature the wide molded baseboards and the striated window and door casings with circular endblocks which are consistent throughout the house, as well as recessed panels beneath the windows. Elements of the carved wooden mantelpieces include pilasters and engaged columns, egg and dart molding, and pulvinated friezes, with hearths and surrounds of colored tile. The frieze of the mantelpiece in the south room is given an appropriately local flavor by the life-size magnolia blossoms which serve as end blocks. Although the house has had many alterations, it is in excellent structural condition.

Source: Mississippi Department of Archives, Jackson, Mississippi.



STATE ECONOMIC INDICATORS

Indicator	August 1981[1]	July 1981[2]	August 1980[2]	Per Cent Change One Month Ago[3]	Per Cent Change One Year Ago[3]
EMPLOYMENT, EARNINGS AND HOURS[4]					
Total Employment	1,002,800	1,018,700	1,026,200	— 1.6	— 2.3
Non-Ag Employment	811,000	817,100	816,400	— 0.8	— 0.7
Mining	11,300	11,200	11,100	0.9	1.8
Contract Construction	42,100	42,400	44,900	— 0.7	— 6.2
Manufacturing	219,800	219,300	217,900	0.2	0.9
Transportation and Public Utilities	40,600	40,900	41,100	— 0.7	— 1.2
Wholesale and Retail Trade	166,400	166,300	164,900	0.1	0.9
Finance, Insurance and Real Estate	33,300	33,300	33,100	0.0	0.6
Service	119,800	120,900	118,200	— 0.9	1.4
Government	177,700	182,800	185,200	— 2.8	— 4.1
Unemployment Rate (Per Cent Labor Force)	8.3	8.2	8.1	——	——
Average Weekly Earnings in Manufacturing (Dollars)	238.19	231.25	215.60	3.0	10.5
Average Hourly Earnings in Manufacturing (Dollars)	6.03	5.96	5.50	1.2	9.6
Average Weekly Hours in Manufacturing	39.5	38.8	39.2	1.8	0.8
PRODUCTION (000's)					
Petroleum Production					
Production of Crude Petroleum (bbls.)[5]	119,289	137,136	120,998	—13.0	— 1.4
Gasoline Delivered to Dealers (gals.)[6]	2,821	2,933	2,915	— 3.8	— 3.2
Dairy Production					
Milk (lbs.)[7]	71,000	71,000	69,000	0.0	2.9
Egg Production (No. eggs)[7]	138,000	139,000	128,000	— 0.7	7.8
BANKING AND FINANCE ($000's)					
Loans of Savings and Loan Associations[8]	13,700	15,400	30,900	—11.0	—55.7
Construction Loans	1,200	1,400	3,100	—14.3	—61.3
PUBLIC UTILITIES					
Sales of Electricity (000's KWH)[9]	2,201,272	2,274,203	2,294,939	— 3.2	— 4.1
Telephones in Service (Number)[10]	1,396,823	1,412,579	1,253,964	— 1.1	11.4
RETAIL SALES ($000's)[11]					

Indicator	May 1981	April 1981	May 1980	Per Cent Change One Month Ago	Per Cent Change One Year Ago
AGRICULTURE ($000's)[12]					
Total Cash Receipts from Farm Marketings	91,537	90,225	103,599	1.5	—11.6
Cash Receipts from Marketing Livestock	70,858	70,661	74,222	0.3	— 4.5
Cash Receipts from Marketing Crops	20,679	19,564	29,377	5.7	—29.6

[1] Preliminary
[2] Revised
[3] Percent change calculated with revised figures; not comparable with previously published data.
[4] Mississippi Employment Security Commission
[5] State Oil and Gas Board for April
[6] Mississippi Motor Vehicle Comptroller
[7] Mississippi Crop and Livestock Reporting Service
[8] Federal Home Loan Bank of Little Rock
[9] Mississippi Power Company, Mississippi Power and Light Company and Tennessee Valley Authority
[10] South Central Bell Telephone Company
[11] Mississippi Tax Commission
[12] U. S. Department of Agriculture

BUSINESS ACTIVITY BY CITY

	Bank Debits		Telephones in Service			City Sales Tax Collections			Building Permits		
	Per Cent Change			Per Cent Change			Per Cent Change				
	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago
Aberdeen	— 1.5	91.8	8,420	0.0	4.3	48,992	— 5.8	29.1	——	9,000	96,729
Baldwyn	—33.9	125.9	4,754	0.6	1.8	19,533	— 7.5	2.5	——	——	——
Batesville	——	——	9,232	0.4	5.9	58,528	8.4	13.5	3,500	77,410	2,459,250
Bay Springs	——	——	——	——	——	23,254	3.8	— 9.0	——	——	——
Bay St. Louis	——	——	13,987	0.2	11.4	35,061	— 2.3	— 9.7	122,101	234,220	283,550
Belmont	— 5.8	—21.4	2,404	0.6	6.0	11,577	4.6	14.3	——	——	——
Belzoni	——	——	5,158	0.5	4.9	29,264	— 4.2	1.2	38,700	12,100	35,300
Biloxi	——	59.8	46,194	—0.1	1.8	363,523	37.5	46.3	500,282	481,630	5,589,502
Brandon	——	——	11,384	0.4	— 3.0	36,559	1.1	39.6	646,200	227,900	277,900
Brookhaven	0.6	——	16,097	0.3	—13.6	114,827	2.4	11.7	——	29,550	——
Brooksville	——	— 7.6	1,305	—1.0	— 1.9	2,667	— 6.7	— 5.1	——	——	——
Canton	——	——	11,090	— 0.2	3.0	60,347	— 2.0	— 0.4	——	273,920	517,800
Carthage	— 5.1	— 4.9	7,538	0.1	1.0	44,193	9.2	23.2	30,000	145,818	89,000
Charleston	——	——	4,254	—0.4	2.8	20,032	1.0	23.2	——	——	——
Clarksdale	— 8.5	33.4	20,922	—0.1	0.0	125,206	1.5	10.5	——	——	65,400
Cleveland	——	——	13,930	1.5	— 0.9	100,702	7.3	4.8	——	——	——
Collins	——	——	4,695	—0.5	1.2	24,046	—37.8	—36.4	——	——	——
Columbia	——	——	16,184	0.1	2.5	85,254	4.7	15.2	——	——	——
Columbus	——	——	33,961	—0.3	1.6	215,748	2.2	15.1	286,838	543,565	1,049,421
Corinth	—12.3	5.4	21,196	—0.4	1.9	108,474	— 6.4	10.8	205,385	382,238	301,991
Crystal Springs	——	——	5,975	—0.1	2.0	23,872	7.0	8.8	171,500	121,550	368,000
Drew	—11.9	11.1	2,794	0.5	2.3	10,898	—12.1	— 5.6	10,000	1,000	16,000
Edwards	— 5.2	103.2	1,736	—0.7	3.4	3,992	8.8	— 7.0	15,000	30,000	——
Ellisville	3.9	51.0	4,093	1.1	3.7	16,122	— 7.5	2.1	——	——	——
Eupora	—10.4	25.5	4,459	—0.3	1.2	16,230	—34.3	23.6	——	——	——
Fayette	——	3.3	3,366	—0.2	2.5	9,277	— 5.7	4.7	——	——	——
Forest	——	——	5,139	0.0	0.7	55,167	1.9	3.0	——	——	161,000
Greenville	—15.2	7.9	37,431	—0.5	0.7	250,088	— 3.5	5.3	——	——	——
Greenwood	——	——	24,254	—0.3	1.1	165,275	5.7	8.3	24,400	224,400	565,400
Grenada	——	——	14,441	—1.2	1.2	86,362	5.0	— 3.1	34,000	108,000	420,250
Gulfport	——	——	63,222	0.2	2.8	272,834	— 0.3	6.4	504,261	1,048,251	1,121,813
Hattiesburg	——	2.7	61,590	0.4	4.6	348,898	— 1.6	6.6	711,634	893,000	2,327,918
Hernando	—22.7	—24.4	7,455	0.0	3.1	24,688	2.6	2.9	27,500	39,500	76,300
Hollandale	——	6.1	3,390	0.3	0.2	14,017	— 2.8	1.4	——	——	——
Holly Springs	——	——	7,644	—0.2	3.9	45,315	4.6	24.3	199,000	——	180,600
Houston	——	——	5,714	0.3	1.3	28,159	—48.9	6.2	94,625	39,500	259,250
Indianola	3.3	—18.3	7,981	—0.4	1.9	65,842	5.5	— 3.5	——	——	——
Iuka	——	——	5,812	—0.1	3.4	42,240	33.2	54.9	——	——	——
Jackson	——	——	231,391	0.2	2.7	1,419,373	0.4	3.8	3,611,332	7,552,137	16,475,452
Kosciusko	— 8.0	12.5	9,543	—0.1	0.5	55,243	0.9	— 0.2	95,800	187,000	66,000
Laurel	——	——	35,949	0.1	3.7	384,907	8.2	33.7	730,504	826,753	706,711
Leland	——	——	5,337	0.1	2.7	21,424	1.0	7.1	63,500	115,200	74,000
Lexington	——	——	4,928	0.4	3.0	20,181	—16.5	5.1	——	——	——
Louisville	——	——	10,802	0.2	1.1	54,852	10.5	13.9	86,231	112,900	517,000
Lucedale	——	——	8,647	0.6	3.9	35,029	— 7.4	7.6	28,000	116,300	34,500
Lumberton	——	——	2,938	0.0	0.4	8,938	— 5.9	15.4	——	——	——
Macon	—12.0	1.0	3,761	—0.6	1.0	15,250	— 0.7	— 2.4	——	——	——
Magee	——	——	5,487	0.4	3.4	42,524	— 1.8	8.2	——	——	——
Magnolia	——	——	4,375	0.1	3.6	10,180	— 9.1	24.6	7,800	61,100	37,000
Marks	— 5.5	—14.8	5,552	—0.1	0.3	16,320	— 9.4	— 5.9	——	——	——
McComb	— 8.5	122.8	20,317	0.4	12.4	128,845	— 0.2	14.5	111,520	112,225	98,500
Meadville	—21.6	— 6.1	——	——	——	5,008	—15.8	— 3.5	——	——	——
Mendenhall	——	——	6,635	0.2	1.7	18,265	— 3.5	— 4.0	1,900	56,410	7,000
Meridian	——	——	48,431	—0.1	0.7	327,349	— 5.5	— 1.4	376,385	871,116	772,422
Monticello	160.0	6.0	5,036	0.3	3.5	19,103	— 6.3	6.1	70,350	70,250	36,000
Morton	11.5	7.1	3,628	0.2	4.6	16,763	—29.4	—13.8	——	——	——
Moss Point	6.6	12.5	16,532	0.0	0.7	47,754	0.0	10.4	2,219,859	139,738	406,935
Natchez	—19.8	——	30,558	0.1	2.8	242,957	5.1	16.0	605,439	1,051,900	328,955
New Albany	— 2.8	17.1	11,558	0.1	2.5	55,134	3.4	16.9	178,000	84,500	269,000
Newton	——	——	4,138	—0.8	1.9	23,390	— 3.0	0.3	44,400	81,400	27,600
Ocean Springs	——	197.2	16,171	0.3	2.4	69,465	1.2	— 7.2	——	278,023	451,705
Okolona	——	— 6.5	3,483	—0.7	2.8	14,341	0.5	3.0	——	——	——
Oxford	——	——	21,413	3.1	0.0	82,194	6.1	10.8	66,920	162,120	535,230
Pascagoula	——	——	36,462	0.4	6.8	184,574	— 5.3	0.4	450,484	752,450	454,745
Pass Christian	——	——	5,718	0.3	2.5	10,465	— 5.6	—23.4	162,365	208,000	143,500
Philadelphia	——	——	11,911	0.2	3.7	55,965	— 6.0	16.9	——	——	——

BUSINESS ACTIVITY BY CITY

	Bank Debits		Telephones in Service			City Sales Tax Collections			Building Permits		
	Per Cent Change			Per Cent Change			Per Cent Change				
	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago	Current Month August	Month Ago	Year Ago
Picayune	——	——	16,217	0.2	6.4	78,625	—61.3	17.1	——	69,000	241,000
Pontotoc	— 4.4	22.9	9,587	0.2	2.1	36,016	— 4.2	17.6	——	——	——
Poplarville	——	——	4,266	3.2	3.3	15,522	— 2.2	34.0	40,000	—0—	93,000
Port Gibson	— 1.7	16.0	5,973	0.5	3.6	15,983	— 6.8	7.2	——	——	——
Prentiss	——	——	——	——	——	21,127	2.2	12.2	33,600	63,000	24,000
Quitman	— 5.7	——	5,025	0.7	2.1	29,904	24.8	26.1	——	——	——
Raymond	—22.0	15.0	3,256	6.3	9.3	5,325	— 4.5	—44.2	——	——	——
Richton	——	——	2,006	—0.3	0.2	9,126	—15.3	0.4	40,000	——	——
Rosedale	——	——	1,607	—0.7	— 0.9	7,998	2.1	8.4	——	——	——
Ruleville	—24.9	— 1.8	1,935	—0.4	— 1.8	14,511	4.7	12.5	16,900	54,300	3,000
Sardis	——	——	3,519	0.0	— 0.1	18,855	9.6	3.9	2,000	12,000	28,000
Senatobia	——	——	6,951	0.4	2.4	41,047	— 1.0	6.5	27,500	84,000	105,650
Shelby	—17.9	— 1.3	1,637	0.0	— 1.5	11,616	—11.7	30.1	——	——	——
Starkville	——	——	25,386	3.3	8.6	93,651	6.1	12.0	451,487	171,169	531,211
Summit	——	——	1,701	0.1	3.5	11,161	— 6.6	36.1	——	——	——
Taylorsville	——	17.3	1,805	—0.2	1.0	12,042	— 4.9	4.5	——	——	——
Tchula	——	——	2,016	—0.4	— 0.4	5,124	— 1.9	— 2.0	——	——	——
Tunica	——	——	4,311	—0.1	0.1	18,000	— 4.5	0.7	——	——	——
Tupelo	— 6.7	—12.5	38,401	— 2.5	2.5	355,830	18.0	29.0	521,794	991,625	1,572,702
Union	—18.3	— 6.3	2,858	0.5	3.7	17,186	20.8	21.1	——	——	——
Utica	——	——	3,147	0.5	4.8	9,106	— 6.3	5.1	——	——	——
Vicksburg	— 9.5	15.1	39,643	—0.1	1.8	201,062	— 2.0	5.9	178,131	1,337,014	177,050
Walnut Grove	——	——	1,065	0.1	9.9	1,842	1.2	34.1	——	——	——
Water Valley	——	12.4	4,273	0.5	6.4	24,355	—10.8	26.7	——	——	——
Waynesboro	——	33.1	7,923	0.2	4.7	63,469	34.9	14.7	17,000	654,681	110,370
West Point	— 1.4	8.5	12,608	—0.3	2.6	53,236	4.9	8.0	297,700	71,800	666,000
Wiggins	—11.7	——	6,355	—0.1	1.8	21,502	—10.1	7.5	——	——	——
Winona	— 8.8	15.9	5,020	0.2	— 0.6	32,043	4.3	1.9	18,000	——	11,000
Yazoo City	—28.5	0.0	12,717	—0.2	2.5	70,368	1.1	11.2	——	——	——

STANDARD METROPOLITAN STATISTICAL AREAS

JACKSON [Hinds and Rankin Counties]	August 1981 [1]	July 1981	August 1980	Per Cent Change Month Ago	Per Cent Change Year Ago
MANPOWER DATA					
Civilian Labor Force	149,800	151,500	153,700	—1.1	—2.5
Unemployed Persons	9,400	9,400	8,200	0.0	14.6
Per Cent of Labor Force	6.3	6.2	5.4	——	——
Employed Persons	140,400	142,100	145,500	—1.2	—3.5
Non-Ag Wage & Salaries	121,300	122,400	125,500	—0.9	—3.4
Manufacturing	17,200	17,700	18,000	—2.8	—4.4
TELEPHONES IN SERVICE	250,914	250,270	244,865	0.3	2.5
CITY SALES TAX COLLECTIONS	1,474,355	1,468,862	1,415,737	0.4	4.1

BILOXI-GULFPORT [Hancock, Harrison and Stone Counties]	August 1981	July 1981	August 1980	Per Cent Change Month Ago	Per Cent Change Year Ago
MANPOWER DATA					
Civilian Labor Force	64,750	65,490	64,860	—1.0	—0.2
Unemployed Persons	4,240	4,110	4,130	3.2	2.7
Per Cent of Labor Force	6.5	6.3	6.4	——	——
Employed Persons	60,510	61,380	60,730	—1.4	—0.4
Non-Ag Wage & Salaries	51,540	52,110	51,640	—1.1	—0.2
Manufacturing	8,470	8,760	8,550	—3.3	—0.9
TELEPHONES IN SERVICE	115,134	115,065	112,481	0.1	2.4
CITY SALES TAX COLLECTIONS	646,822	549,131	518,437	17.8	24.8

[1] Preliminary

Combined Market Value of Five Principal Crops by County

Source: The Mississippi Crop and Livestock Service. Computations made by the Division of Business Research, Mississippi State University. Percent growth rate refers to the change over the preceding year. Principal crops include cotton, corn, soybeans, wheat, and rice. (000's)

County	1979	% of State	% of Change	1980	% of State	% of Change
Adams	9,260	0.71	34.2	7,424	0.74	−18.75
Alcorn	7,937	0.61	56.3	6,154	0.60	−22.46
Amite	3,687	0.28	557.2	1,554	0.15	−57.85
Attala	6,517	0.50	24.5	6,416	0.63	− 1.55
Benton	6,302	0.48	− 1.8	5,954	0.58	− 5.52
Bolivar	109,655	8.40	31.5	89,008	8.73	−18.83
Calhoun	13,834	1.06	49.6	11,624	1.14	−15.98
Carroll	11,199	0.86	21.3	11,065	1.09	− 1.20
Chickasaw	11,868	0.91	20.9	10,136	0.99	−14.59
Choctaw	1,941	0.15	48.3	1,415	0.14	−27.10
Claiborne	6,856	0.53	12.1	5,372	0.53	−21.65
Clarke	1,646	0.13	35.3	803	0.08	−51.22
Clay	10,843	0.83	30.3	7,957	0.78	−26.62
Coahoma	62,370	4.78	12.7	52,345	5.14	−16.07
Copiah	3,638	0.28	12.8	3,162	0.31	−13.08
Covington	2,564	0.20	6.8	2,252	0.22	−12.17
DeSoto	17,341	1.33	− 5.5	17,533	1.72	1.11
Forrest	2,039	0.16	13.5	1,535	0.15	−24.72
Franklin	1,938	0.15	− 1.7	1,517	0.15	−21.72
George	2,863	0.22	−30.7	2,582	0.25	− 9.81
Greene	1,118	0.09	33.7	728	0.07	−34.88
Grenada	8,820	0.68	93.0	7,841	0.77	−11.10
Hancock	1,832	0.14	18.0	1,896	0.19	3.49
Harrison	947	0.07	9.5	860	0.08	− 9.19
Hinds	16,870	1.29	12.0	16,467	1.62	− 2.39
Holmes	43,275	3.32	36.6	37,469	3.68	−13.42
Humphreys	59,582	4.57	55.1	34,168	3.35	−42.65
Issaquena	42,483	3.26	85.1	19,834	1.95	−53.31
Itawamba	5,360	0.41	38.9	5,128	0.50	− 4.33
Jackson	1,426	0.11	− 1.6	754	0.07	−47.12
Jasper	650	0.05	0.2	643	0.06	− 1.08
Jefferson	6,387	0.49	15.9	5,871	0.58	− 8.08
Jeff Davis	2,606	0.20	21.3	1,964	0.19	−24.64
Jones	2,128	0.16	44.8	1,540	0.15	−27.63
Kemper	2,216	0.17	22.7	1,645	0.16	−25.77
Lafayette	6,042	0.46	25.0	4,942	0.48	−18.21
Lamar	1,734	0.13	3.7	1,472	0.14	−15.11
Lauderdale	48.1	0.04	41.1	284	0.03	−40.96
Lawrence	1,726	0.13	− 8.9	1,270	0.12	−26.42
Leake	4,336	0.33	24.5	3,337	0.33	−23.04
Lee	16,053	1.23	30.6	11,986	1.18	−25.33
Leflore	80,745	6.19	40.7	64,888	6.37	−19.64
Lincoln	2,028	0.16	55.1	2,201	0.22	8.58
Lowndes	14,115	1.08	28.3	15,790	1.55	11.87
Madison	25,856	1.98	149.9	24,017	2.36	− 7.11
Marion	1,565	0.12	− 1.3	1,086	0.11	−30.61
Marshall	12,884	0.99	15.3	6,768	0.66	−47.47
Monroe	17,676	1.35	39.4	15,051	1.48	−14.85
Montgomery	6,029	0.46	33.9	5,251	0.52	−12.90
Neshoba	869	0.07	5.5	1,235	0.12	42.12
Newton	1,824	0.14	− 0.2	1,659	0.16	− 9.05
Noxubee	22,116	1.69	31.2	16,063	1.58	−27.37
Oktibbeha	4,504	0.35	63.7	3,166	0.31	−29.71
Panola	30,556	2.34	16.9	26,200	2.57	−14.26
Pearl River	5,327	0.41	15.9	4,315	0.42	−19.00
Perry	4,165	0.32	55.5	3,120	0.31	−25.09
Pike	2,436	0.19	6.9	1,339	0.13	−46.76
Pontotoc	13,192	1.01	37.4	10,919	1.07	−17.23
Prentiss	10,398	0.80	41.8	8,425	0.83	−18.97
Quitman	45,750	3.51	20.6	31,311	3.07	−31.56
Rankin	6,198	0.48	− 1.4	5,908	0.58	− 4.68
Scott	3,682	0.28	10.4	4,165	0.41	13.12
Sharkey	51,792	3.97	26.2	41,087	4.03	−20.67
Simpson	2,571	0.20	9.4	1,468	0.14	−42.90
Smith	1,688	0.13	8.4	1,402	0.14	−16.94
Stone	1,173	0.09	10.7	918	0.09	−21.74
Sunflower	94,973	7.28	57.1	68,198	6.69	−28.19
Tallahatchie	55,908	4.28	8.8	46,690	4.58	−16.49
Tate	13,091	1.00	2.8	11,528	1.13	−11.94
Tippah	6,793	0.52	15.9	5,324	0.52	−21.63
Tishomingo	3,276	0.25	60.2	2,118	0.21	−35.35
Tunica	48,826	3.74	6.2	32,210	3.16	−34.03
Union	10,678	0.82	37.3	9,127	0.90	−14.53
Walthall	2,088	0.16	− 2.4	1,711	0.17	−18.06
Warren	11,086	0.85	15.8	12,036	1.18	8.57
Washington	92,269	7.07	50.4	66,462	6.52	−27.97
Wayne	851	0.07	4.9	508	0.05	−40.31
Webster	7,494	0.57	26.3	5,949	0.58	−20.66
Wilkinson	4,224	0.32	28.7	2,561	0.25	−39.37
Winston	3,053	0.23	47.6	1,743	0.17	−42.91
Yalobusha	6,410	0.49	2.8	66,140	0.65	3.18
Yazoo	68,998	5.29	31.8	55,468	5.44	−19.61
Other	4,762	0.36	−95.4	1,919	0.19	−59.70
State Total	1,304,782		25.9	1,019,051		−21.90